

Summary of Conference Report on Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010

Prepared by House Foreign Affairs Committee

H.R. 2194, the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, would strengthen the underlying Iran Sanctions Act (ISA) by imposing an array of tough new economic penalties aimed at persuading Iran to change its conduct. Targets of the Act range from business entities involved in refined petroleum sales to Iran or support for Iran's domestic refining efforts, to international banking institutions involved with Iran's Islamic Revolutionary Guard Corps (IRGC), Iran's illicit nuclear program or its support for terrorism. The Conference text would augment the sanctions regime envisioned in the earlier versions of the Act passed by the House and the Senate by supplementing the energy sanctions in those versions with an additional, powerful set of banking prohibitions.

The Act would impose severe restrictions on foreign financial institutions doing business with key Iranian banks or the IRGC. In effect, the Act would present foreign banks doing business with blacklisted Iranian entities a stark choice—cease your activities or be denied critical access to America's financial system. The Act also would hold U.S. banks accountable for actions by their foreign subsidiaries (U.S. companies have long been banned from all the activities for which foreign entities will be sanctionable under this Act). The Act reinforces and goes far beyond recently-enacted UN Sanctions. Major highlights of the Act include provisions to:

- Expand the scope of sanctions authorized under ISA by imposing sanctions on foreign companies -- including insurance, financing and shipping companies -- that sell Iran goods, services, or know-how that assist it in developing its energy sector;
- Ban U.S. banks from engaging in financial transactions with foreign banks doing business with the IRGC or facilitating Iran's illicit nuclear program or its support for terrorism
- Impose significant financial penalties and travel restrictions on Iran's human rights abusers.
- Establish three new sanctions, in addition to the menu of six sanctions that already exists under ISA, including: (1) a prohibition on access to foreign exchange in the U.S.; (2) a prohibition on access to the U.S. banking system; and (3) a prohibition on property transactions in the U.S. The Act would require the President to impose at least three of the possible now-nine sanctions on an entity in violation of ISA.
- Ban U.S. government procurement contracts for any foreign company that exports to Iran technology used to restrict the free flow of information or to disrupt, monitor, or otherwise restrict freedom of speech.
- Require a certification from a company bidding on a U.S. government procurement contract that it is not engaged in sanctionable conduct.
- Provide a legal framework by which U.S. states, local governments, and certain other investors can divest their portfolios of foreign companies involved in Iran's energy sector. Strengthen efforts to stop black-market diversion of sensitive technologies to Iran.
- Strengthen the U.S. trade embargo against Iran by codifying longstanding executive orders and limiting the goods exempted from the embargo.
- Increase substantially the criminal penalties for sanctions violations by U.S. entities.

Sanctions under H.R. 2194 would terminate once the President certifies to Congress that Iran no longer satisfies the requirements for designation as a state-sponsor of terrorism under U.S. law, and has ceased its efforts to develop or acquire nuclear, biological, and chemical weapons and ballistic missiles and ballistic-missile launch technology.